

# 21<sup>ST</sup> NEWSLETTER

CompNet The Competitiveness Research Network

## Pictures from Brussels!



## Brussels, 29-30 June: the CompNet Annual Conference

The two-day conference provided a great opportunity for presenting the latest achievements of the Competitiveness Research Network and discussing research at the frontier.

During the two days, all policymakers attending the conference reiterated the relevance of the topics related to competitiveness and productivity, highlighting the importance of having such a research network active in the field. Chief economists from ECB, EC, EIB, EBRD, WB and National Statistical Institutes expressed strong interest in CompNet activities and committed to further tighten their collaboration.

On the academic side, critical contributions were provided by the three keynote speakers attending the conference: Marc Melitz, Chad Syverson and Ufuk Ackigit. Prominent scholars attended the conference and presented their latest works, bringing the debate to the frontier of research.

For more information, check the [summary](#) on the website.



## Amsterdam, 3-7 July: the Tinbergen Summer School

The high-level course “Research on Productivity, Trade, and Growth: Theory and Practice” took place last month at the Tinbergen Institute and was taught by the Professors Eric Bartelsman, Jan de Loecker and Jo Van Biesebroeck.

## The new CompNet Working Papers

### [Firm growth in Europe: an overview based on the CompNet module](#)

(C. Fernández, R. García, P. López-García, B. Marzitto, R. Serafini, J. Vanhala and L. Wintr, April 2017)

“This paper illustrates the main features of the Labour Module of the CompNet dataset which provides indicators of firm growth over the period 1995-2012 across 17 EU (13 euro area) countries and 9 macro-sectors. It also includes information on a large set of micro-aggregated characteristics of firms growing at different speed such as their financial position and labour and total factor productivity. The paper shows that during the Great Recession the share of shrinking firms sharply increased in countries under stress, while firm growth slowed down in non-stressed countries. In the former, the construction sector suffered the most, while in the latter manufacturing and services related to transportation and storage were mainly affected, possibly as a result of the trade collapse. While we find that, all else equal, more productive firms had a higher probability of growing, the process of productivity-enhancing reallocation was muted during the Great Recession”.

It was a great opportunity for many researchers of the CompNet network to improve their technical tools, under the supervision of an outstanding teaching staff, and for many other researchers and PhD students to deepen the microfounded empirical approach, exploring the CompNet dataset.

The course started with an introduction to models of firm dynamics. Next, attention was paid to estimation of productivity, including methods to cope with sample selection, endogeneity of inputs, and lack of firm-level quality adjusted prices. Finally, the course discussed recent empirical work on structural modelling of productivity, trade and growth. Besides theory, the course included a set of lectures on data handling, programming, and algorithms for empirical applications, as well as daily hands-on practical sessions.

## The new vintage of the CompNet dataset is coming

The new vintage of the CompNet dataset will be available by the end of 2017.

Thanks to a new statistical code, which includes state-of-the-art techniques for productivity estimates, new analysis will become possible: in fact, the code will retrieve information on indicators and topics that are much at the centre of policy and academic research. These include: information about “zombie” firms and a wide range of characteristics associated to them; more precise TFP and misallocation estimates; job creation and job destruction indicators.

Much effort has also been spent in increasing cross-country comparability, thanks to the introduction of better population weights coming from the National Statistical Institutes.

## An “Open source” CompNet

In their last meeting, the Advisory Board suggested to make CompNet more accessible to external researchers. To this end, we will introduce a section of the website for open discussions on productivity issues.

Even more importantly, we will soon introduce a process via which any researcher will be able to send us proposals of indicators to introduce in the CompNet code, which is used to produce estimates from the firm level data.

[Wage bargaining regimes and firms' adjustments to the Great Recession](#)

(M. Ronchi and F. di Mauro, April 2017)

“The paper aims at investigating to what extent wage negotiation set-ups have shaped up firms’ response to the Great Recession, taking a firm-level cross-country perspective. We contribute to the literature by building a new micro-distributed database which merges data related to wage bargaining institutions (Wage Dynamic Network, WDN) with data on firm productivity and other relevant firm characteristics (CompNet). We use the database to study how firms reacted to the Great Recession in terms of variation in profits, wages, and employment. The paper shows that, in line with the theoretical predictions, centralized bargaining systems – as opposed to decentralized/firm-level based ones were accompanied by stronger downward wage rigidity, as well as cuts in employment and profits”.

In order to do so, we will create a selection procedure for the best ideas and we will make available a mock firm-level dataset in order to compile the code and test it.

## A recent CompNet paper quoted by Il Sole 24Ore

Last 11 July, the first Italian business newspaper published an article on capital misallocation by the junior think-tank Tortuga, which quoted the results of the recent CompNet paper “Banks credit and productivity growth” (F. Hassan, F. di Mauro and G. Ottaviano, 2017), in explaining the sources of the Italian banking system’s issues.

For more information, check the [article](#).

## Vacancies for a firm-level EIB research project

A couple of opportunities have been available for people willing to work at the EIB, on a research project based on survey/firm-level data.

The first is the opportunity for a post-master/post-doc researcher. Topics might vary, but they are particularly keen in topics related to innovation, intangibles, access to finance, etc.

The second is for a Professor who is willing to spend some 6-8 months out of his University, interested in an institutional experience.

Ideally, both opportunities would start in September/October. If you are interested, send a mail to [secretariat@comp-net.org](mailto:secretariat@comp-net.org).